

State of California

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Legislative Change No.**99-24**Bill Number: SB 493Author: FigueroaChapter Number: 99-398

Laws Affecting Franchise Tax Board:

Revenue and Taxation Code sections 18861, 18862, 18863, 18864, and 18865Date Filed with the Secretary of the State: September 15, 1999**SUBJECT:** Birth Defects Research Fund

Senate Bill 493 (Figueroa), as enacted on September 15, 1999, made the following changes to California law:

Section 18861 of the Revenue and Taxation Code is added.

This act establishes the Birth Defects Research Fund and allows taxpayers to designate their own funds (not tax liability) to the Birth Defects Research Fund on their tax returns in full dollar amounts of \$1 or more. The contributions may be made individually by each signatory on a joint return. The designations for any taxable year must be made on the initial return for the taxable year and, once made, are irrevocable.

This act provides that a taxpayer's return be treated as if no designation had been made if payments and credits reported on the return, together with any other credits associated with the taxpayer's account, do not exceed the taxpayer's liability. In the event that no designee is specified, the designated contribution would be transferred to the General Fund. If a taxpayer designates a contribution to more than one fund on the tax return, and the amount available for contribution is insufficient to satisfy the total amount designated, the contribution would be allocated on a pro rata basis.

This act requires the Franchise Tax Board (FTB) to revise the personal income tax return to include a designation space for the Birth Defects Research Fund, beginning with the first taxable year another voluntary contribution fund is removed from the tax return or taxable years beginning on or after January 1, 2002, whichever occurs first. Since the California Military Museum Fund was removed from the tax return, the Birth Defects Research Fund will be available for designation on the 1999 tax return, filed in 2000.

Section 18862 of the Revenue and Taxation Code is added.

This act establishes in the State Treasury the Birth Defects Research Fund to receive contributions made pursuant to Section 18861.

Bureau Director

Johnnie Lou Rosas

Date

November 29, 1999

This act requires the FTB to notify the Controller of the designated contribution amounts and the Controller to transfer the sum of those amounts from the Personal Income Tax Fund to the Birth Defects Research Fund.

Section 18863 of the Revenue and Taxation Code is added.

This act requires all money transferred to the Birth Defects Research Fund, upon appropriation by the Legislature, be allocated to: 1) the FTB and the Controller for reimbursement of costs incurred performing their duties under this act, and 2) to the State Department of Health Services for allocation to the birth defects monitoring program.

Section 18864 of the Revenue and Taxation Code is added.

This act specifies the Legislature's intent to create an additional source of funding for the birth defects monitoring program to supplement, not supplant, other funding sources for the program.

Section 18865 of the Revenue and Taxation Code is added.

This act states the Birth Defects Research Fund will remain in effect until January 1 of the fifth taxable year following the first appearance of the Birth Defects Research Fund on the tax return or January 1, 2007, whichever occurs first. Since this Fund will first appear on the 1999 tax return, it shall remain in effect until January 1, 2004.

For calendar years beginning after the first taxable year the fund appears on the return, this act requires the fund to meet the \$250,000 minimum contribution test. Beginning in the second taxable year the fund appears on the return, the FTB would be required to adjust the \$250,000 minimum contribution amount for inflation. If in any calendar year the FTB estimates by September 1 that contributions made under this bill would be less than \$250,000 (as indexed), the fund would be repealed.

This act is effective on January 1, 2000.

This act will not require any reports by the department to the Legislature.